

UNITED STATES PATENT AND TRADEMARK OFFICE
Trademark Trial and Appeal Board
2900 Crystal Drive
Arlington, Virginia 22202-3513

April 24, 2002

Opposition No. 92024108

Galleon S.A., Bacardi-
Martini U.S.A., Inc., and
Bacardi & Company Ltd.
v.

Havana Club Holding, S.A.
and Havana Rum & Liquors,
S.A., d/b/a H.R.L., S.A.

David Mermelstein, Interlocutory Attorney:¹

This case now comes up on two requests for telephone conferences regarding this matter.

Prior and Related Proceedings

This case and the related civil proceedings among these parties have a long and convoluted history. Relevant to the instant matters, it appears that the original owner of the subject registration was an entity commonly known as Cubaexport.² Through two assignments, Cubaexport purported to transfer the subject registration to the respondents herein.

¹ Albert Zervas, the interlocutory attorney regularly assigned to this matter was unavailable to participate in the telephone conferences.

² Petitioners have filed a motion to substitute Cubaexport for the named respondents as the party defendant herein. For the sake of clarity, the Board will use "respondents" to refer only to the current respondents of record.

TTAB Proceedings

This proceeding was commenced on July 12, 1995. In addition to other allegations, the petition for cancellation (as amended) alleges that the transfers of the subject registration to respondents were improper. On March 17, 1997, the Board granted a motion to suspend proceedings in view of a civil action among the parties as described below.

On March 15, 2002, petitioners filed a combined motion to resume proceedings, to substitute parties, and for summary judgment.

Civil Court Proceedings

Respondents herein commenced an action in the U.S. District Court for the Southern District of New York against petitioners herein. Petitioners filed a counterclaim alleging, *inter alia*, the invalidity of the assignments of the registration to respondents. From an examination of the papers currently of record, it appears that on October 20, 2001, the District Court invalidated the assignments of the involved registration which putatively vested title in respondents. Partial Judgment, *Havana Club Holding, S.A. v. Galleon S.A.*, Slip op. (S.D.N.Y., Oct. 20, 1997).³ Following

³ It appears that the Partial Judgment is the document repeatedly referred to by petitioners during the telephone conferences as the "cancellation order." However, nothing in the Partial Judgment refers to cancellation of the subject registration. On the contrary, the Partial Judgment specifically provides that "the status quo ante as of the October 29, 1993 date of said abortive original transfer agreement is restored, and Cubaexport

affirmance on appeal and denial by the Supreme Court of respondents' petition for certiorari, the District Court's judgment is now final.

Before the Director of the USPTO

After the civil judgment became final, a show cause order was issued by the Director of the USPTO, regarding implementation of the judgment. In response to the Director's order, petitioners argued that "[t]he USPTO must cancel the extant U.S. HAVANA CLUB registration in the name of HCH," reasoning that because the transfers of the registration to respondents were invalid, respondents' post-registration filings were made in the name of the wrong party. Inasmuch as Cubaexport has not filed renewals of the mark in its own name, petitioners reason, the subject registration effectively expired long ago and should now be cancelled. Response to Show Cause Order, 8-14, (certificate of mailing dated November 13, 2001).

retained whatever rights it had in said mark and the related U.S. Registration as of said date, *notwithstanding the invalid transfers.*" Slip op. ¶ 5 (emphasis added). The District Court's failure to order cancellation of the registration was not an oversight. Petitioners had sought such relief before the District Court; in declining to so order, however, that court stated in a previous order that "Cubaexport, restored as the owner of the registration, inevitably has an interest in the outcome of the registration issue. Thus, Cubaexport is a necessary party to this action." *Opinion and Order, Havana Club Holding, S.A. v. Galleon S.A.*, Slip op. at 19-20 (August 8, 1997). Petitioners' characterization of the Partial Judgment as a "cancellation order" thus appears to be little more than wishful thinking.

By notice dated January 15, 2002, the Commissioner for Trademarks issued an order invalidating the assignments of the registration from Cubaexport to respondents as provided in the Partial Judgment. The Commissioner did not address petitioners' arguments for cancellation of the subject registration, nor did she comment on the nature of Cubaexport's current rights in the mark.

Finally, on March 19, 2002, petitioners filed a petition for review of the Commissioner's notice with the U.S. Court of Appeals for the Federal Circuit. *Galleon, S.A. v. Chasser*, No. 02-1289 (Fed. Cir.). Briefs have not yet been filed in connection with the petition, and the petition does not indicate petitioners' specific disagreement with the Commissioner's notice.

Current Proceedings

April 1, 2002

Upon the request of Gregg Reed, Esq., the Board held a telephone conference on April 1, 2002, to discuss a motion to extend time in which to respond to petitioners' motion for summary judgment.⁴ Participating in the conference were Mr. Reed, William R. Golden, Jr., Esq., for petitioners, and this Board Interlocutory Attorney. Michael Krinsky, Esq.,

⁴ At the time of the April 1, 2002, conference, the Board did not have petitioners' motion available. The motion was located and read prior to the April 9, 2002, telephone conference.

participated briefly, to inform the Board that he no longer represented respondents in this proceeding.

Mr. Reed stated that he was seeking a thirty-day extension of time in which to respond to petitioners' combined motion. By the Board's calculation, a response to petitioners' motions was due on or before April 19, 2002.⁵

As a preliminary matter, petitioners noted that Mr. Reed was not counsel of record and it was not clear which (if any) of the respondents he represented. Given Mr. Krinsky's statement that he no longer represented respondents and Mr. Reed's oral representation that he represented at least one respondent, the Board was satisfied that Mr. Reed's participation was proper.

As grounds for its motion, respondents argued that Mr. Reed's firm had only recently been retained, and that the posture of the case and the pending motions were complicated, and required additional time to properly address.

After hearing the positions of the parties, the Board found that good cause existed to grant respondents' motion to extend. The length of time requested was not unduly

⁵ Because the motions were filed as one combined paper, respondents are entitled to respond in the same manner, and we decline to shorten the thirty-day period allowed to respond to a motion for summary judgment, Trademark Rule 2.127(e)(1). In addition to the thirty days allowed by Rule 2.127(e)(1), Trademark Rule 2.119(c) adds an additional five days if the paper "is served by first-class mail, 'Express Mail,' or overnight courier."

long, and the Board agrees with respondents' characterization of this case as procedurally complex. Fed. R. Civ. P. 6(b)(1). Conditioned upon the entry of an appearance by Mr. Reed as counsel for respondents, the Board orally indicated that it would grant a thirty-day extension of time in which to respond to petitioners' outstanding motions.⁶ On April 2, 2002, Mr. Reed filed an appearance on behalf of respondents.

April 9, 2002

Before an order on the April 1 telephone conference could be drafted and mailed, respondents again requested a telephone conference. Directed to file and serve a brief motion or outline of the grounds for further relief, respondents sent a letter by Federal Express on April 2, and - upon the Board's request - by facsimile on April 4, 2002.

Respondents latest submission argued that these proceedings should be (or should remain) suspended pending the disposition of the proceedings now before the Federal Circuit. The Board, agreeing that the motion was appropriate for disposition by telephone conference, directed respondents' counsel to so inform petitioners, and arrange a mutually agreeable time for the conference.⁷

⁶ The Board noted, however, that the time for filing a motion under Fed. R. Civ. P. 56(f) would not be extended. Trademark Rule 2.127(e)(1).

⁷ To the Board's surprise, petitioners submitted - by facsimile - a brief letter indicating that it did "not see the basis for an

At the arranged hour, a telephone conference was held to allow the parties to be heard on respondents' request for a suspension. Participating were Mr. Reed, Mr. Golden, and at Mr. Golden's request, Mr. Rick Wilson, in-house counsel for Bacardi-Martini U.S.A., Inc.

Prior to turning to respondents' motion to suspend, the Board questioned Mr. Reed as to whether he represented Cubaexport in this matter. Mr. Reed indicated that he did not. Upon inquiry, the Board was further informed by petitioners that they had not attempted to serve Cubaexport with their motion to substitute Cubaexport as the defendant and to enter judgment against it.

The Board next heard petitioners' objections to respondents' motion to suspend this proceeding pending disposition of the matter now before the Federal Circuit.

Under Trademark Rule 2.117(a),

Whenever it shall come to the attention of the Trademark Trial and Appeal Board that a party or parties to a pending case are engaged in a civil action or another Board proceeding which may have a bearing on

expedited hearing on the motion when the issues have not been fully briefed by the parties." The Board immediately initiated a brief conference with Mr. Reed and Michelle M. Graham, for petitioners.

The Board informed Ms. Graham that it had the discretion to determine whether a telephone conference was appropriate. See Notice, Permanent Expansion of Telephone Conferencing on Interlocutory Matters in Inter Partes Cases Before the Trademark Trial and Appeal Board, 1235 TMOG 68 (June 20, 2000). Indeed, as further stated in the notice, "failure of the non-movant to participate may result in the motion's being treated as conceded. See 37 CFR 2.127(a)." Ms. Graham agreed to schedule a telephone conference, and the parties later notified the Board that they were available on April 9, 2002.

the case, proceedings before the Board may be suspended until termination of the civil action or the other Board proceeding.

The standard set out in the quoted rule is liberal and vests broad discretion in the Board to determine whether suspension is appropriate in view of related proceedings. The related matter need not be dispositive of all or even part of the Board proceeding; suspension may be justified when the related proceeding "*may have a bearing* on the case...." *Id.* (emphasis added).

The quoted language reflects amendments to the rule effective in 1988. The language of the previous version allowed suspension when the related proceeding "*may be dispositive* of the case." (emphasis added) The rule was amended to clarify and codify Board practice which was considerably more deferential to related proceedings than the previous language of the rule would suggest. Notice, Miscellaneous Changes to Trademark Trial and Appeal Board Rules, 1214 TMOG 145 (September 29, 1998).

In the case at bar, we are presented with a related proceeding respecting the involved registration which is now pending before a federal appellate court (indeed, our primary reviewing court). The Board is inclined to show the greatest deference to the Federal Circuit and the proceedings now before it. Moreover, any substantive decision rendered by the Federal Circuit respecting the

involved registration would be binding on the parties as well as the PTO. Proceeding to consideration of petitioners' pending motions at this time would thus run the risk of inconsistent rulings and would likely be - at least to some extent - duplicative, and a waste of the resources of both the parties and the Board.

The Board is fully convinced that the Federal Circuit litigation "may have a bearing on [this] case," notwithstanding petitioners' arguments to the contrary. While it is true that we do not have petitioners' Federal Circuit briefs available, it appears clear from petitioners' arguments before the Director of the PTO and the Commissioner for Trademarks that the Federal Circuit matter has a bearing on this case, and may well be entirely dispositive of it.

Before the PTO, petitioner argued for two results: First, petitioner argued that the assignments of the mark should be invalidated pursuant to the district court's Partial Judgment. Second, petitioner argued that the involved registration should be cancelled for various reasons, including because Cubaexport did not file required post-registration affidavits in its own name, the very ground now urged for summary judgment in this matter. Because the PTO invalidated the assignments pursuant to the District Court's order, it would appear that the *only* issue

before the Federal Circuit is whether the registration should be cancelled.

While petitioner protests that it only wanted a "reasoned decision" from the PTO, the Board finds this position disingenuous. Even if the only issue raised before the Federal Circuit is whether the PTO should have *addressed* petitioners' arguments for cancellation, that Court's remedy would likely be a remand to the Commissioner to address petitioners' arguments. In any event, whether considered and decided by the Federal Circuit or by the PTO on remand, the legal and factual issues in the related proceeding will ultimately be identical with the ones here, involving the same parties and the same registration now before us. The related proceeding clearly "may have a bearing" on this matter, and likely will be entirely dispositive of it.

In conclusion, the Board finds that suspension of this matter is clearly warranted and appropriate under the circumstances. Accordingly, proceedings herein are SUSPENDED pending final disposition of the matter before the Federal Circuit, including any proceedings on remand to the PTO. Decision on petitioners' pending motions is deferred, and upon resumption, respondents' time to oppose the motions will be reset.

The Parties are ordered to file with the Board a copy of any brief or dispositive motion (without appendix or

exhibits) filed before the Federal Circuit, or on remand to the PTO. Within twenty days of any final decision in the related matter, the parties shall file with the Board a copy of the final judgment or order, and call this matter up for further proceedings, as appropriate. The parties should keep the Board apprised of any change of address during the suspension period.

Joinder of Cubaexport

In light of the Board's suspension of this matter, we need not now take up the question of Cubaexport's joinder in this matter. Upon resumption, if necessary, petitioner will be directed to serve notice of this proceeding and the pending motions upon Cubaexport.

Filing of Papers

The Board notes that both parties have submitted papers bound along the left edge. With the exception of testimonial depositions and trial briefs (which may, but need not be bound), no papers filed in a Board proceeding may be submitted bound. TBMP §§ 106.03, 120.01, 502.03. Because motion papers are scanned, hole-punched, and inserted into the proceeding file, bindings must be removed and discarded, accomplishing no more than a waste of the parties' money and the Board's time. Because petitioners' March 15, 2002, motion cannot be scanned or placed in the

proceeding file bound, petitioner is allowed THIRTY DAYS in which to file an unbound copy of the motion.⁸

In addition, we note that respondents' submissions are replete with documents which are already in the record, and petitioners submitted their motion for summary judgment in multiple copies. The parties should avoid submitting duplicate exhibits and motions, unless otherwise required by rule. *ITC Entertainment Group Ltd. v. Nintendo of America Inc.*, 45 USPQ2d 2021 (TTAB 1998).

Finally, in regard to petitioners' submission of April 4, 2002, (letter to the Board from Ms. Graham), the parties are reminded that the Board does not accept papers for filing by facsimile, Patent and Trademark Rule 1.6(d)(8), unless requested or specifically allowed by the Board under unusual circumstances, although an exception has been made in this instance.

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⁸ Because documents are now being scanned as part of the Board's pilot electronic file system, the parties are further requested to avoid tabbed submissions. Marked separator pages and/or exhibit identification on the bottom of the relevant exhibit pages may be used instead of tabs.